



INTERNAL REVENUE COMMISSION



TAXPAYER GUIDE

MANAGEMENT FEE WITHHOLDING TAX FORMS

The Internal Revenue Commission has modified the process and stationery for submitting Management Fee Withholding Tax. The updated process is a result of an on-going effort on the part of the IRC to improve service delivery, reduce compliance costs for taxpayers and standardise forms.

ARE YOU REQUIRED TO PAY MANAGEMENT FEE WITHHOLDING TAX?

Management Fee Withholding Tax (MFWT) applies to payments by a resident of PNG for tax purposes (or non-resident companies with a permanent establishment in PNG), of *taxable management fees* to a non-resident entity.

A *taxable management fee* means that part of a management fee that is an allowable deduction after the application of s68AD or s155M of the Income Tax Act 1959 (as amended), as the case may be. For more information on the definition of a *resident company* please refer to the Taxpayer Guide for the TIN1 form.

NEW MONTHLY REMITTANCE FORM

A new Monthly Remittance form for the Management Fee Withholding Tax has been issued by the IRC. This form is called an M1 – “Management Withholding Tax Remittance Advice Form”, and this replaces any other monthly forms issued in prior years. You may download a copy of the M1 form from the IRC website at http://www.irc.gov.pg/tax_forms.html, request a copy by Email at SIGTAS@irc.gov.pg, or pick up a copy in person from the IRC office of your choosing. The form may be completed by hand, or completed electronically.

The traditional, multiple carbon copy forms are no longer in use and have been replaced by a much simpler form in order to make it easier for taxpayers to comply with their obligations. The new forms do not use serial numbers so there is no longer an obligation to wait for the IRC to issue the forms and return unused forms at the end of the tax year.

The new M1 form looks like this:

FORM M1				Place stamp and seal here
Management Fee Withholding Tax		PAPUA NEW GUINEA INTERNAL REVENUE COMMISSION PNGIRC - Your Partner in Nation Building		Taxpayer Identification Number (TIN)
MANAGEMENT FEE WITHHOLDING TAX REMITTANCE ADVICE FORM				
NAME AND ADDRESS OF PAYER				
NAME OF TAXPAYER:				
CONTACT REPRESENTATIVE:				
PHONE No:				
E-MAIL ADDRESS:				
MAILING ADDRESS:				
SECTION No:	STREET / SUBURB / DISTRICT:		LOT No:	
P.O. BOX:	COUNTRY:		PROVINCE:	
CITY / POST OFFICE:				
CARE OF (C/O):				
MANAGEMENT FEE WITHHOLDING TAX (MFWT) DEDUCTIONS				
TAX PERIOD (MONTH):		YEAR:		
TOTAL FEES PAID	MFWT DEDUCTED AT 17%	TOTAL ENCLOSED		
<small>NOTE: SOME PAYMENTS ARE NOT SUBJECT TO WITHHOLDING TAX</small>				
DECLARATION				
<small>I declare that the information that I have provided is true and correct in every detail and discloses a full and complete statement of the facts. I understand that the law imposes heavy penalties for false and misleading statements.</small>				
SIGNED: _____		DATE: _____		
NOTICE				
<small>A remittance accompanied by this form and signed by or on behalf of the person, partnership, company or Public Authority making the deductions should be forwarded to: Commissioner General, Internal Revenue Commission, P.O. Box 771, Port Moresby.</small>				
<small>For additional information please refer to page 2 of this form.</small>				

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Please note that the form no longer requires details of each individual payment made during the month. Only the totals for the month are required. The detailed information now forms part of the annual reconciliation discussed below.

NEW ANNUAL RECONCILIATION FORM

A new Annual Reconciliation form for Management Fee Withholding Tax has been issued by the IRC. This form is called an M2 – “Management Fee Withholding Tax Reconciliation Statement”. You may download a copy of the M2 form from the IRC website at http://www.irc.gov.pg/tax_forms.html, request a copy by e-mail at SIGTAS@irc.gov.pg, or pick up a copy in person from the IRC office of your choosing. The form may be completed by hand, or completed electronically.

The new M2 form looks like this:

FORM M2 Management Fee Withholding Tax			
MANAGEMENT FEE WITHHOLDING TAX RECONCILIATION STATEMENT		DETAILS OF MANAGEMENT FEE WITHHOLDING TAX DEDUCTED	
NAME AND ADDRESS OF TAXPAYER (WITHHOLDER)		TAXPAYER IDENTIFICATION NUMBER (TIN)	TAX AMOUNT DEDUCTED
NAME OF TAXPAYER:		GROSS AMOUNT	
CONTACT / REPRESENTATIVE:		NAME AND ADDRESS OF PERSON/BUSINESS	
PHONE No:		DEDUCTION MONTH	
E-MAIL ADDRESS:		AMOUNT PAID	
MAILING ADDRESS:		DEDUCTION MONTH	
SECTION No: LOT No:		AMOUNT PAID	
STREET / SUBURB / DISTRICT:		JANUARY	
P.O. BOX:		FEBRUARY	
COUNTRY:		MARCH	
CITY / POST OFFICE:		APRIL	
CARE OF (C-):		MAY	
DEDUCTION PERIOD FROM 1 JANUARY TO 31 DECEMBER		JUNE	
YEAR:		TOTAL (1)	
MANAGEMENT FEE WITHHOLDING TAX REMITTANCES		TOTAL (2)	
SHOW BELOW REMITTANCES PAID TO THE IRC DURING THE YEAR		K	
SHOW BELOW THE TOTAL AMOUNT OF TAX DEDUCTIONS SHOWN ON THE SCHEDULE ATTACHED FOR THE YEAR		K	
NOTE: IF THE TWO TOTALS DO NOT AGREE YOU MUST FURNISH AN EXPLANATION IN WRITING DETAILING THE REASON FOR THE DISCREPANCY		DECLARATION	
PLEASE CONTINUE ON PAGE 2 TO LIST THE NAMES AND ADDRESS OF PERSONS / BUSINESSES TO WHOM MANAGEMENT FEE WITHHOLDING TAX HAS BEEN DEDUCTED BY YOU FOR THE ABOVE PERIOD INCLUDING DETAILS OF TOTAL TAX DEDUCTIONS.		I declare that the information that I have provided is true and correct in every detail and discloses a full and complete statement of the facts. I understand that the law imposes heavy penalties for false and misleading statements.	
SIGNED:		DATE:	

COMPLETING THE RECONCILIATION FORM

Here are some tips for completing the reconciliation form:

Page 1:

- At the top right-hand side of the form there is a space for the TIN of the withholder. The TIN is the Taxpayer Identification Number – a nine-digit number that is issued by the IRC to every taxpayer. TINs are replacing Tax File Numbers (TFNs) in the PNG tax system. One TIN will cover all of your tax obligations – Salary & Wages Tax, Dividend Withholding Tax, etc. If you have not yet been issued a TIN, please contact your nearest IRC office to have one issued.

Note: TINs are issued centrally from Revenue Haus in Port Moresby; however the Provincial IRC offices can receive TIN applications and submit them for processing on your behalf.

- The Management Fee Withholding Tax Remittances section lists each month of the year and shows the amounts that you have remitted to IRC. These are the amounts that were payable for each monthly return throughout the year. *Total (1)* is the sum of the twelve monthly payments.
- *Total (2)* shows the total Tax Deductions from the schedule of the payments made for the year detailed on page 2.

Page 2:

- The *Details of Management Fee Withholding Tax Deducted* schedule requires the TIN, Name and Address, Gross Amount and Tax Deducted totals for the whole year. Only one line per person/business is required and this represents the total amounts paid to the person/business. Do not list each payment made to the person/business, just the totals for the year.
- Please note that where *Total (2)* from the schedule of the deductions does not match *Total (1)* then your forms do not reconcile for the year and you should review your information and correct any errors. If your Reconciliation Statement does not balance a detailed explanation is required.

SUBMISSION OF SCHEDULE ELECTRONICALLY

The IRC has now made available the opportunity to submit an electronic file of the schedule data. This enables taxpayers to submit their schedule to the IRC in an excel template. The excel template is available from the IRC and can be submitted via e-mail or on other physical media such as CD or DVD. Templates for the electronic completion of the schedule extract may be requested by e-mailing SIGTAS@IRC.gov.pg

A sample extract from the template looks like this:

	A	B	C	D
	TAXPAYER IDENTIFICATION NUMBER (TIN)	NAME AND ADDRESS OF PERSON/BUSINESS	GROSS AMOUNT	TAX AMOUNT DEDUCTED
1				
2				
3				
4				
5				
6				

The electronic submission can be delivered

- By e-mail to payments@irc.gov.pg (preferred)
- On physical media and either posted or delivered to your local IRC office.

IRC CONTACT DETAILS

For further information on the new process contact:

Arua Naime - 322 6714, naimea@irc.gov.pg

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